

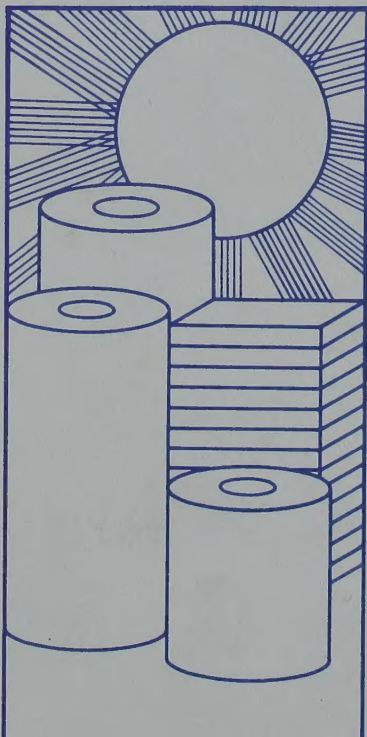
AR11

Quarterly Report

Fourth quarter
and year ended
December 31, 1976


**Rolland
Paper Company
Limited**

P.O. Box 306, Tour de la Bourse Postal Station,
Montreal, P.Q. H4Z 1H3





To the Shareholders

Consolidated net sales in the fourth quarter of 1976 were \$23.5 million compared to \$30.7 million last year when other Canadian fine paper manufacturers were on strike. The net loss during the quarter, after income tax credit, amounted to \$1,494,000 or 82¢ per class "A" and class "B" shares compared to a loss of \$53,000 or 4¢ per class "A" share and 5¢ per class "B" share in the same quarter last year.

Substantial year-end adjustments covering the whole year adversely affected the quarterly results. A sizeable part of the loss is attributable to the Fine Papers Division. Its sales in the fourth quarter were 32% lower than in the same period last year due to a general weakness of the Canadian economy and to continued inroads by U.S. exporters since the 1975-76 strikes in the Canadian fine paper industry. These imports have exerted a serious downward pressure on Canadian fine paper prices. Previously reported price reductions prevailed during the quarter. In addition, development cost for technical papers at Mont Rolland, as anticipated, were important. The longer term outlook for this new business continues to be most encouraging.

Sales in the Wholesale Distribution Division were 8.7% lower than in the same quarter last year.

Orchard Decor Canada Limited reported a loss for the quarter. However, there are signs that the Canadian textile market served by this subsidiary may be improving.

Your Directors have approved today the audited annual consolidated financial statements. Consolidated net sales amounted to \$106.6 million in 1976 as compared with \$99.8 million in 1975. The latter results did not, however, reflect those of the Kruger Fine Paper Wholesale Distribution Division for the first quarter of 1975.

The consolidated net loss for 1976 was \$2,437,000 or \$1.36 per class "A" and class "B" shares as against net earnings of \$182,000, or 8¢ per class "A" share and 3¢ per class "B" share in 1975.

No dividends were declared in class "A" and class "B" shares. Your Directors, however, have declared the regular quarterly dividend of \$1.06¼ on the preferred shares, payable March 15, 1977 to shareholders of record, February 18, 1977.

The annual report will be sent to you in April. The annual general meeting of shareholders will be held on April 22, 1977 at the Head Office of the Company, at 11:00 hours.

On behalf of the Board,

Lucien G. Rolland
President and General Manager

Montreal, February 14, 1977



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On behalf of the Board,

Lucien G. Rolland
President and General Manager

Montreal, February 14, 1977

Consolidated Statement of Income
(thousands of dollars) Audited Statement

	Three months ended December 31*		Year ended December 31	
	1976	1975	1976	1975
Sales and Revenues:				
Sales	\$ 23,458	\$ 30,715	\$ 106,591	\$ 99,763
Investment and other income	134	59	546	481
	23,592	30,774	107,137	100,244
Cost and Expenses:				
Cost of products sold, selling and administrative expenses	25,068	30,488	107,707	97,920
Depreciation and amortization	354	462	1,839	1,702
Interest expense	602	282	1,751	932
	26,024	31,232	111,297	100,554
Loss before income taxes and minority interest	(2,432)	(458)	(4,160)	(310)
Income taxes	966	367	1,458	353
Minority interest in loss	(55)	11	157	11
Earnings (loss) from operations	(1,521)	(80)	(2,545)	54
Amortization of excess of consideration net of taxes	(35)	(35)	(142)	(122)
Dividend income	62	62	250	250
Net earnings (loss)	\$(1,494)	\$(53)	\$(2,437)	\$ 182
Net earnings (loss) per class "A" share	\$(0.82)	\$(0.04)	\$(1.36)	\$ 0.08
Net earnings (loss) per class "B" share	\$(0.82)	\$(0.05)	\$(1.36)	\$ 0.03

Consolidated Statement of Changes in Financial Position

SOURCE OF FUNDS:

Net earnings (loss)	\$(1,494)	\$(53)	\$(2,437)	\$ 182
Depreciation and amortization	354	462	1,839	1,702
Amortization of excess consideration	42	41	166	141
Deferred income taxes	(758)	201	(1,390)	1,030
Minority interest in loss	55	(11)	(157)	(11)
Funds from operations	(1,801)	640	(1,979)	3,044
Mortgage	—	—	187	—
Debentures less issue expense	—	(32)	—	11,627
Minority interest in capital stock of subsidiary	—	168	—	168
	\$(1,801)	\$ 776	\$(1,792)	\$ 14,839

APPLICATION OF FUNDS:

Additions to fixed assets — Net	\$ 99	\$ 1,079	\$ 3,889	\$ 6,076
Long-term grants receivable	138	1,446	138	1,446
Fixed assets and goodwill acquired from Kruger	—	—	—	2,171
Long-term debt reduction	2	1,155	369	1,155
Dividends	14	284	59	1,139
	253	3,964	4,455	11,987
INCREASE (DECREASE) IN WORKING CAPITAL	(2,054)	(3,188)	(6,247)	2,852
	\$(1,801)	\$ 776	\$(1,792)	\$ 14,839

WORKING CAPITAL

\$ 11,050 \$ 17,297

*Including year-end adjustments

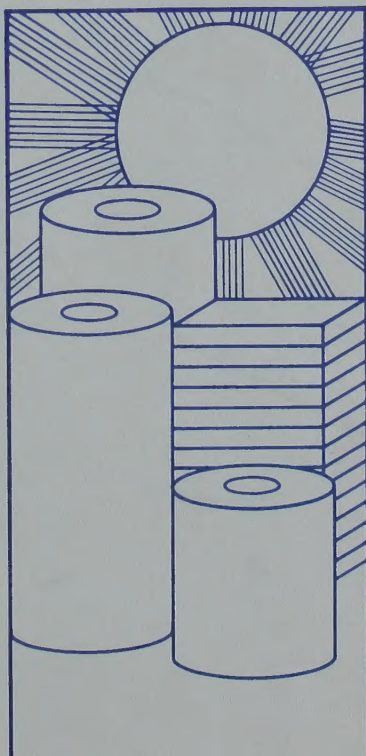
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Rapport Trimestriel

quatrième trimestre
et l'exercice se terminant
le 31 décembre 1976

Compagnie de Papier Rolland Limitée

C.P. 306, Succursale postale
Tour de la Bourse, Montréal, P.Q. H4Z 1H3





A nos actionnaires,

Le chiffre d'affaires consolidé a été de \$23.5 millions durant le quatrième trimestre de 1976 en comparaison de \$30.7 millions pour la même période l'an dernier alors que les autres fabricants canadiens de papiers fins étaient en grève. La perte nette, après crédit d'impôts, s'est élevée à \$1,494,000 ou 82¢ par action de classe "A" et de classe "B", et se compare à une perte de \$53,000 ou 4¢ par action de classe "A" et 5¢ par action de classe "B" l'an dernier.

Des régularisations substantielles de fin d'année couvrant l'année entière ont affecté les résultats du trimestre. Une partie importante de la perte est attribuée à la division des papiers fins. Ses ventes pour le quatrième trimestre furent de 32% plus basses que dans la même période l'an dernier dû à la faiblesse générale de l'économie canadienne et à la présence importante des exportateurs américains depuis la grève de 1975-76 dans l'industrie canadienne des papiers fins. Ces importations ont exercé une pression sérieuse à la baisse sur les prix des papiers fins canadiens. Les réductions de prix rapportées dans notre dernier rapport se sont continuées durant le trimestre. En plus, les coûts de développement des papiers techniques à Mont-Rolland ont été importants tels qu'anticipés. L'avenir de cette entreprise est des plus encourageants.

Les ventes dans la division de la distribution en gros ont été de 8.7% inférieures à celles du même trimestre l'an dernier.

Orchard Decor Canada Limitée a subi une perte durant le trimestre. Cependant, nous notons des signes avant-coureurs que le marché canadien des textiles servi par cette filiale s'améliore.

Vos administrateurs ont approuvé aujourd'hui les états financiers annuels consolidés vérifiés. Le chiffre d'affaires consolidé s'élevait à \$106.6 millions en 1976 comparativement à \$99.8 millions en 1975. Ces derniers résultats n'incluaient pas ceux de la division de la distribution en gros des papiers fins de Les Papeteries Kruger, pour le premier trimestre de 1975.

La perte consolidée pour 1976 était de \$2,437,000 ou \$1.36 par action de classe "A" et de classe "B" en regard d'un bénéfice net consolidé de \$182,000 ou 8¢ par action de classe "A" et 3¢ par action de classe "B" en 1975.

Aucun dividende ne fut déclaré pour les actions de classe "A" et de classe "B". Vos administrateurs cependant ont déclaré les dividendes réguliers trimestriels de \$1.06¼ par action privilégiée, payables le 15 mars 1977 aux actionnaires inscrits le 18 février 1977.

Le rapport annuel vous sera envoyé en avril. L'assemblée générale annuelle des actionnaires sera tenue le 22 avril 1977 au siège social de la Compagnie, à 11h de la matinée.

Au nom du Conseil,

Le Président Directeur général
Lucien G. Rolland

Montréal, le 14 février 1977

État consolidé des revenus et dépenses
(milliers de dollars) État vérifié

	Trois mois terminés le 31 décembre*		Exercice terminé le 31 décembre	
	1976	1975	1976	1975
Ventes et autres revenus:				
Ventes	\$ 23,458	\$ 30,715	\$ 106,591	\$ 99,763
Revenus de placement et autres	134	59	546	481
	23,592	30,774	107,137	100,244
Coût et dépenses:				
Coût des produits vendus, frais de vente et d'administration	25,068	30,488	107,707	97,920
Amortissements	354	462	1,839	1,702
Frais d'intérêt	602	282	1,751	932
	26,024	31,232	111,297	100,554
Pertes avant déduction des impôts et intérêt minoritaire	(2,432)	(458)	(4,160)	(310)
Impôts sur le revenu	966	367	1,458	353
Intérêt minoritaire dans la perte	(55)	11	157	11
Bénéfice (perte) d'exploitation	(1,521)	(80)	(2,545)	54
Amortissement de l'excédent des coûts d'acquisition après impôts	(35)	(35)	(142)	(122)
Revenus de dividendes	62	62	250	250
Bénéfice net (perte)	\$(1,494)	\$(53)	\$(2,437)	\$ 182
Bénéfice net (perte) par action de classe "A"	\$(0.82)	\$(0.04)	\$(1.36)	\$ 0.08
Bénéfice net (perte) par action de classe "B"	\$(0.82)	\$(0.05)	\$(1.36)	\$ 0.03

État consolidé de l'évolution de la situation financière

PROVENANCE DE FONDS

Bénéfice net (perte)	\$(1,494)	\$(53)	\$(2,437)	\$ 182
Amortissements	354	462	1,839	1,702
Amortissement de l'excédent des coûts d'acquisition	42	41	166	141
Impôts différés	(758)	201	(1,390)	1,030
Intérêt minoritaire dans la perte	55	(11)	(157)	(11)
Fonds autogénérés	(1,801)	640	(1,979)	3,044
Hypothèque	—	—	187	—
Déventures moins frais d'émission	—	(32)	—	11,627
Intérêt minoritaire du capital souscrit d'une filiale	—	168	—	168
	\$(1,801)	\$ 776	\$(1,792)	\$ 14,839

UTILISATION DES FONDS

Dépenses d'immobilisation — nettes	\$ 99	\$ 1,079	\$ 3,889	\$ 6,076
Subventions à recevoir	138	1,446	138	1,446
Achalandage et immobilisations acquis de Kruger	—	—	—	2,171
Réduction de la dette à long-terme	2	1,155	369	1,155
Dividendes	14	284	59	1,139

	253	3,964	4,455	11,987
AUGMENTATION (DIMINUTION) DU FONDS DE ROULEMENT	(2,054)	(3,188)	(6,247)	2,852

	\$(1,801)	\$ 776	\$(1,792)	\$ 14,839
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FONDS DE ROULEMENT

\$ 11,050 \$ 17,297

*Incluant les régularisations de fin d'année

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